

EXPRESS CATERING LIMITED

Second Quarter 2023 Interim report to our shareholders

The Directors of Express Catering Limited (ECL) are pleased to present the Second Quarter report on the operations of the company for fiscal 2023.

Passenger numbers for the Second Quarter continued the improving trend. Total passenger count for the second Quarter increased by 49.17% to record 490,045, compared to 328,317 for the similar period in the prior year. Revenue generated was US\$4.20 million, at a spend-per-passenger rate of US\$8.58. Revenue for the corresponding period in the prior year was US\$2.49 million at a spend-per-passenger rate of US\$7.58, resulting in a spend-rate increase of 13.75%. Passenger numbers for the current Quarter surpassed totals for the same period in 2019 and pre-Covid-19. We are delighted that the spend-per-passenger rate continues to increase. This is a strong indicator that additional passengers are being converted into customers. The increase in passenger count for the six months was 42.37%. Total passenger count was 1.11 million compared to 781,504 for the same period in the prior year. This generated revenue of US\$9.12 million for a spend-per-passenger rate of US\$8.19. Revenue for the similar period in the prior year was US\$6.13 million at a spend rate of US\$7.84.

Net profit for the Quarter returned US\$126,808 for an EPS of 0.008 US Cents per share. This is compared to a net loss of US\$320,810 and Loss Per Share 0.02 US Cents per share in the similar period in the prior year. Profit for the six months was US\$779,649 for an earnings per share (EPS) of 0.048 US Cents. This is compared to a profit of US\$244,258 and EPS of 0.015 US Cents in the prior year. The company continues to be in recovery mode.

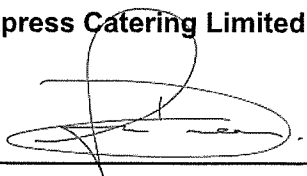
Revision of selling prices to counter the increase in raw materials costs continues to be monitored closely. We are, however, constrained as our table service options requires extended time to respond to price changes. Based on the outlook, inflationary pressures will continue to be a feature for a while more. The company continues to manage expenses as efficiently as possible.

There was an official opening ceremony, organized by the operators of the airport, for the revamped and expanded post-security food and beverage lounge on December 15, 2022. Jamaica's Minister of Transport & Mining, Hon. Audley Shaw, was on hand to lead this process. Additional outlets were opened, including the Guitar Bar, (an ECL proprietary location), which sits in the center of the Rotunda and is outfitted with wrap-around LED television screens. This bar was created to be the centerpiece of the Rotunda and we look forward to it contributing incrementally to our revenue. Work continues on the Bob Marley One Love experience and other concepts for opening later in the fiscal year.

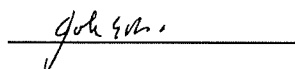
The 2022/23 winter tourist season is off to a great start. There have been record passenger numbers, the airport operators have even had to appeal for earlier than usual check-in efforts in order to effectively manage the increased passenger numbers. The Third Quarter revenue plan is benefiting from these increased passenger flows.

The Directors are appreciative of the continued support from all our shareholders and stakeholders.

Express Catering Limited



Ian Dear
CEO/Director



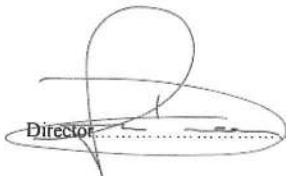
John Byles
Director

Express Catering Limited
Unaudited Financial Statements

Statement of Financial Position
as at November 30, 2022

	Unaudited November 30, 2022 US\$	Audited May 31, 2022 US\$
Assets		
Non-current assets		
Property, plant and equipment	5,195,452	4,123,769
Right-of-use-assets	22,966,713	24,031,310
Other intangible assets	719,959	792,122
	<u>28,882,124</u>	<u>28,947,201</u>
Current assets		
Trade and other receivables	500,700	308,545
Inventories	398,288	302,581
Owing by related companies	12,030,155	10,659,707
Income tax recoverable	93	-
Certificates of deposit	-	-
Cash and bank balance	56,108	276,254
	<u>12,985,344</u>	<u>11,547,087</u>
Total assets	<u>41,867,468</u>	<u>40,494,288</u>
Equity and Liabilities		
Capital and reserves attributable to the company's owners		
Share capital	73,861	73,861
Capital reserves	43,490	43,490
Retained profits	4,000,425	3,220,776
Total equity	<u>4,117,776</u>	<u>3,338,127</u>
Liabilities		
Non-current liabilities		
Deferred tax liability	89,150	89,150
Long term loans	8,530,719	8,362,630
Lease obligation	21,741,389	22,651,761
	<u>30,361,258</u>	<u>31,103,541</u>
Current liabilities		
Current portion of lease obligation	1,984,707	1,984,707
Trade and other payables	5,403,726	3,881,765
Bank overdrafts	-	186,148
	<u>7,388,433</u>	<u>6,052,620</u>
Total liabilities	<u>37,749,691</u>	<u>37,156,161</u>
Total equity and liabilities	<u>41,867,468</u>	<u>40,494,288</u>

Director 

Director 

Express Catering Limited
Unaudited Financial Statements

**Statement of Comprehensive Income
for the Period Ended November 30, 2022**

	6 Months YTD November 30, 2022	Q2 November 30, 2022	6 Months YTD November 30, 2021	Q2 November 30, 2021	Audited May 31, 2022
	US\$	US\$	US\$	US\$	US\$
Revenue	9,116,921	4,204,929	6,129,990	2,491,055	14,241,229
Cost of sales	(3,254,750)	(1,510,533)	(2,284,702)	(1,042,445)	(5,002,167)
Gross profit	5,862,171	2,694,396	3,845,288	1,448,610	9,239,062
Other operating income/(expense)	15,011	3,055	(15,328)	(20,280)	-
Administrative expenses	(2,483,031)	(1,247,540)	(1,843,074)	(850,634)	(4,018,997)
Promotional expenses	(190,003)	(118,073)	(1,338)	(24)	(4,858)
Depreciation and amortisation	(1,356,888)	(678,444)	(1,356,888)	(678,444)	(2,780,369)
Operating profit for the YTD	1,847,261	653,395	628,660	(100,772)	2,434,838
Rent concessions	-		642,466	290,922	715,199
Finance costs	6 (1,043,713)	(521,584)	(1,023,502)	(508,856)	(2,065,844)
Finance income	153	52	516	516	4,551
Foreign exchange gains/(losses)	(24,051)	(5,055)	(3,883)	(2,620)	8,059
Total Comprehensive Income/(Loss)	779,649	126,808	244,258	(320,810)	1,096,803
Earnings per share - US Cents	0.048	0.008	0.015	(0.020)	0.067

Express Catering Limited
Unaudited Financial Statements

Statement of Cash Flow
as at November 30, 2022

	6 Months to November 30, 2022 US \$	6 Months to November 30, 2021 US \$
Cash flows from operating activities:		
Profit before tax	774,737	244,258
Adjustments for:		
Depreciation and amortisation	1,356,888	1,356,888
Other income - RoU concession	-	(642,466)
Interest income	(153)	(516)
Interest expense	1,043,713	1,023,502
	3,175,185	1,981,665
Increase in trade and other receivables	(194,727)	(37,429)
Increase in owing by related companies	(1,312,643)	(1,686,748)
(Increase)/Decrease in inventories	(95,718)	49,630
Increase in trade and other payables	1,389,442	560,135
	2,961,539	867,253
Interest paid	(786,601)	(699,638)
Net cash provided by operating activities	2,174,938	167,615
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,298,630)	(211,409)
Interest income	153	516
Net cash used in investing activities	(1,298,478)	(210,892)
Cash flows from financing activities		
Loan Proceeds, net of repayments	-	-
Net Pay down of Lease	(910,372)	(285,240)
Net cash used in financing activities	(910,372)	(285,240)
Increase in cash and cash equivalents	(33,911)	(328,518)
Effects of exchange rate changes on cash and cash equivalents	(87)	-
Cash and cash equivalents at beginning of year	90,106	356,983
Cash and cash equivalents at November 30, 2022	56,108	28,465

Express Catering Limited
Unaudited Financial Statements

Statement of Changes in Equity
as at November 30, 2022

	Share Capital US\$	Capital Reserve US\$	Retained Profits US\$	Totals US\$
Balance at May 31, 2022	73,861	43,490	3,220,776	3,338,127
Changes in equity 6 months to November 30, 2022				
Dividends	-	-	-	-
Profit for the 6 months to November 30, 2022 being total Comprehensive Income	-	-	779,649	779,649
Balance at November 30, 2022	73,861	43,490	4,000,425	4,117,776

Statement of Changes in Equity
as at November 30, 2021

	Share Capital US\$	Capital Reserve US\$	Retained Profits US\$	Totals US\$
Balance at May 31, 2021	73,861	43,490	2,123,973	2,241,324
Changes in equity 6 months to November 30, 2021				
Dividends	-	-	-	-
Profit for the 6 months to November 30, 2021 being total Comprehensive Income	-	-	244,258	244,258
Balance at November 30, 2021	73,861	43,490	2,368,231	2,485,582

Express Catering Limited
Unaudited Financial Statements

Notes to the Financial Statements

1. Identification

The company was incorporated under the Laws of Jamaica on June 26, 2001. Its registered office is Unit 16 M19 Southern Cross Boulevard, Montego Freeport, Montego Bay.

Its main activities during the year were the operation of branded sports bars and restaurants at Sangster International Airport, Montego Bay. The company is a subsidiary of Margaritaville St. Lucia Inc, whose ultimate parent is Margaritaville Caribbean Group Ltd., a company registered under the Bahamas IBC Act of 2000.

The company was listed on the Junior Market of the Jamaica Stock Exchange in July 2017.

2. Basis of preparation

(i) Statement of compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been prepared under the historical cost convention, except for certain non-financial assets measured at fair value.

(ii) Accounting policies.

There have been no changes in accounting policies since the most recent audited accounts as at May 31, 2022.

3. Reporting Currency

The financial statements are prepared and presented in United States dollars, which is the functional currency of all the group's operating companies.

4. Seasonality of Interim Results

The entire operations of the Group are dependent on the Caribbean tourism market. Despite the fairly stable climate, the Caribbean hotel and resort market shows a significant level of seasonality throughout the year. The seasonality is represented by strong occupancies throughout the winter season, typically between December and May. This is offset by lower occupancies between June and November with particularly low occupancies in the months of September and October.

5 Effects of Covid 19

The spread of the Coronavirus disease (COVID-19) which was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020, has severely impacted many local economies around the globe. In the Caribbean, as in all regions, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. These measures significantly affected the group's operation and resulted in its suspension of operations in March 2020 for three months. Operations resumed in June 2020 and has been continuing since.

6 Finance Costs

Finance costs includes all interest related expenses which have been included in the statement of profit or loss and comprises:

	6 Months YTD November 30, 2022	Q2 November 30, 2022	6 Months YTD November 30, 2021	Q2 November 30, 2021	Audited May 31, 2022
	US\$	US\$	US\$	US\$	US\$
Interest on property lease (IFRS 16)	503,349	247,974	534,636	265,271	1,008,326
Overdraft and loan interest	540,365	273,610	488,866	243,585	1,057,518
Total	1,043,713	521,584	1,023,502	508,856	2,065,844

EXPRESS CATERING LIMITED

Top Ten ShareHoldings

As at November 30, 2022

NAMES		VOLUME	PERCENTAGE
MARGARITAVILLE ST. LUCIA	CASTRIES, ST LUCIA	1,060,221,961	64.746%
HARRIAT P MARAGH	KINGSTON	186,293,705	11.377%
NATIONAL INSURANCE FUND	KINGSTON	181,789,338	11.102%
MAYBERRY JAMAICAN EQUITIES LIMITED	KINGSTON	31,470,790	1.922%
SAGICOR POOLED EQUITY FUND	KINGSTON	12,500,000	0.763%
MF&G TRUST & FINANCE LTD - A/C 57	KINGSTON	10,741,577	0.656%
JCS D TRUSTEE SERVICE LIMITED - SIGMA EQUITY	KINGSTON	10,500,000	0.641%
MANWEI INTERNATIONAL LTD.	CLARENDON	10,000,000	0.611%
JMMB SECURITIES LIMITED - HOUSE ACCOUNT #2	KINGSTON	8,600,000	0.525%
KONRAD BERRY	KINGSTON	6,822,776	0.417%
		1,518,940,147	92.760%

Total Ordinary Stock Issued - 1,637,500,000

Total Number of Stock Holders - 1943

Directors ShareHoldings

As at November 30, 2022

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
HERRICK WINSTON DEAR	-	-	-	0.000%
TANIA WALDRON-GOODEN	164,466	-	164,466	0.010%
IAN B. DEAR	-	1,060,221,961	1,060,221,961	64.746%
JOHN G. BYLES	-	-	-	0.000%
ROLAND P CLARKE	4,332,453	-	4,332,453	0.265%
	4,496,919	1,060,221,961	1,064,718,880	65.021%

Senior Managers ShareHoldings

As at November 30, 2022

NAMES	DIRECT	CONNECTED	TOTAL	PERCENTAGE
ROLAND P CLARKE	4,332,453	-	4,332,453	0.265%
MARK SUTHERLAND	2,623,924	-	2,623,924	0.160%
ALTHON THELWELL	1,283,400	-	1,283,400	0.078%
	8,239,777	-	8,239,777	0.503%